

Message Text

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PAGE 01 QUITO 03348 211430Z

51

ACTION ARA-20

INFO OCT-01 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00 CIEP-02

COME-00 DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 PA-04 USIA-15

PRS-01 DRC-01 /169 W

----- 105932

R 2113027Z MAY 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 1108

INFO AMEMBASSY BOGOTA

AMEMBASSY CARACAS

AMEMBASSY LIMA

AMCONSUL GUAYAQUIL

LIMITED OFFICIAL USE QUITO 3348

E.O. 11652: N/A

TAGS: ENRG, EC

SUBJECT: PETROLEUM: PRODUCTION CEILINGS AUTHORIZED

REF: QUITO 1580

1. PRESIDENTIAL DECREE AUTHORIZES MINISTER OF NATURAL RESOURCES TO SET PRODUCTION LEVELS FOR WELLS AND FIELDS IN ORDER TO CONSERVE PETROLEUM RESERVES. PRODUCTION CONTROLS ARE AIMED AT THE TEXACO-GULF CONSORTIUM, WHICH HAS BEEN PRODUCING 240,000 BPD FROM FOUR FIELDS. THE NEW DECREE SETS NO FIGURES FOR THE PRODUCTION CUTBACK BUT A MINISTRY SOURCE SAYS THE T-G FIELDS WILL BE CUT BACK TO 200,000 BPD. T-G WILL BRING A FIFTH FIELD INTO PRODUCTION AT MID-YEAR AND TOTAL PRODUCTION COULD CLIMB BACK TO PRESENT LEVELS FAIRLY SOON. NEVERTHELESS, THE CONSERVATION POLICY, IF MAINTAINED, MAY PREVENT T-G FROM EVER EXCEEDING 250,000 BPD PRODUCTION.

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PAGE 02 QUITO 03348 211430Z

2. THE MINISTRY OF NATURAL RESOURCES JUSTIFIES ITS CONSERVATION POLICY ON ECONOMIC AND TECHNICAL GROUNDS. IT HAS ARGUED THAT THE LIMITED RESERVES WILL BECOME MORE VALUABLE AS TIME PASSES AND THAT THE RESERVOIRS WILL PRODUCE A GREATER TOTAL VOLUME OF PETROLEUM IF THE RATE OF EXPLOITATION IS SLOWER. T-G TRIED TO REFUTE THESE ARGUMENTS. THE MINISTRY OF FINANCE AND JOINT COMMAND ALSO RAISED OBJECTIONS TO THE PROPOSAL PUT FORWARD BY THE MINISTRY OF NATURAL RESOURCES IN MARCH TO CUT BACK PRODUCTION TO 180,000 BPD. AS A RESULT, THE ACTUAL CUT-BACK IS EXPECTED TO BE LESS SEVERE AND IMPLEMENTED MORE GRADUALLY THAN WAS INITIALLY PROPOSED.
BREWSTER

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
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Disposition Date: 28 MAY 2004
Disposition Event:
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Disposition Reason:
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30 JUN 2005

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